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December 18, 2009

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VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Response to General Information Request
Applications of Atlantic Tele-Network, Inc. and Cellco Partnership d/b/a
Verizon Wireless for Consent to Assign or Transfer Control of Licenses and
Authorizations, WT Docket No. 09-119

REDACTED – FOR PUBLIC INSPECTION

Dear Ms. Dortch:

In accordance with the Protective Orders in this proceeding,¹ attached please find a copy of the redacted version of Verizon Wireless' response to the Wireless Telecommunications Bureau's General Information Request, dated November 19, 2009.


The Applicants are also filing today, under separate transmittal, one copy of the highly confidential version of this response and one copy of the confidential version of this response with the Office of the Secretary. In addition, two copies of this redacted version, two copies of the confidential version, and two copies of the highly confidential version are being hand-delivered to Kathy Harris of the Wireless Telecommunications Bureau.

¹ *Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations and Modify a Spectrum Leasing Arrangement*, WT Docket No. 09-104, Protective Order, DA 09-2446 (WTB rel. Nov. 19, 2009) ("Protective Order"); *Applications of Atlantic Tele-Network, Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 09-119, Protective Order, DA 09-2600 (WTB rel. Dec. 16, 2009) ("Second Protective Order").

Ms. Marlene H. Dortch
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Please contact the undersigned counsel for Verizon Wireless should you have any questions regarding this submission or should you require additional information.

Respectfully submitted,


Nancy J. Victory

cc: Ruth Milkman
Kathy Harris
Stacy Ferraro

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)

Applications of Atlantic Tele-Network, Inc.)
and Verizon Wireless)

WT Docket No. 09-119

For Consent to Assign or Transfer Control)
of Licenses and Authorizations)
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**RESPONSE OF VERIZON WIRELESS
TO THE WIRELESS TELECOMMUNICATIONS
BUREAU'S NOVEMBER 19, 2009
GENERAL INFORMATION REQUEST**

December 18, 2009

**RESPONSE OF VERIZON WIRELESS
TO THE WIRELESS TELECOMMUNICATIONS
BUREAU'S NOVEMBER 19, 2009
GENERAL INFORMATION REQUEST**

Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”) hereby provides the information requested in the November 19, 2009 letter from Ruth Milkman, Chief of the Wireless Telecommunications Bureau and the attached General Information Request, also dated November 19, 2009. The following pages restate the Bureau’s questions and provide Verizon Wireless’ response in narrative or tabular form, as appropriate. Please note that the following pages do not contain answers to all of the Bureau’s questions; Atlantic Tele-Network, Inc. (“ATN”) is filing responses to the remaining questions under separate cover. Where specific documents are requested to be produced, Verizon Wireless has attached those documents.

Verizon Wireless’ responses are based on a review of available documents reasonably likely to contain responsive information and inquiry of those individuals and available sources reasonably likely to have relevant information. In some cases, Verizon Wireless and Bureau staff have agreed to limit the scope of its response to a given question. In those cases, Verizon Wireless’ response notes that agreement and defines the reduced scope of the response.

In light of the information, data, and documents sought by the Commission, much of the narrative, exhibits, and submitted documents contain material that is extremely sensitive, from a commercial, competitive and financial perspective, that Verizon Wireless (as well as its financial advisor, Morgan Stanley & Co. Incorporated) would not, in the normal course of its business, reveal to the public or its competitors. Where appropriate, therefore, much material is being submitted on a confidential basis pursuant to the First Protective Order and Second Protective

REDACTED – FOR PUBLIC INSPECTION

Order in this proceeding.¹ The confidential, unredacted submission is marked “*HIGHLY CONFIDENTIAL INFORMATION – SUBJECT TO SECOND PROTECTIVE ORDER IN WT DOCKET NO. 09-119 before the Federal Communications Commission – COPYING PROHIBITED.*” A version of the response redacting the confidential information and available to the public is being filed electronically via ECFS.

Consistent with the First Protective Order and Second Protective Order, Verizon Wireless expects prompt notification of any “Acknowledgment of Confidentiality” submitted by any person seeking access to the confidential, unredacted material. Verizon Wireless also requests the return of all confidential material at the conclusion of this proceeding.

¹ *Applications of Atlantic Tele-Network, Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 09-119, Protective Order, DA 09-2600 (WTB rel. Dec. 16, 2009) (“Second Protective Order”); *Applications of Atlantic Tele-Network, Inc. and Cellco Partnership d/b/a Verizon Wireless For Consent To Assign or Transfer Control of Licenses and Authorizations*, WT Docket No. 09-119, Protective Order, DA 09-2448 (WTB rel. Nov. 19, 2009) (“Protective Order”).

V. Questions for Verizon Wireless and Morgan Stanley Regarding the Bidding Process

Verizon Wireless and its financial advisor, Morgan Stanley, conducted an open bidding process, specifically involved and encouraged minority and socially disadvantaged businesses in that process,² and made efforts to include such entities at each stage, just as the Commission suggested it do in the *Verizon Wireless/ALLTEL Order*.³ Over 70 individual parties were involved in the bidding process, including a number of smaller, rural operators, state-level carriers and financial buyers, as well as four minority-owned bidder groups and one regional consortium that included a financial sponsor that typically has sought to partner with minority-owned entities and management teams. As described in the Joint Opposition,

while the process was open to all, Verizon Wireless and Morgan Stanley took additional steps to encourage participation by minority and socially disadvantaged groups at every stage of the process, including, in some instances, undertaking actions or giving considerations not provided to other bidders, like relaxing the bid timelines or other procedural requirements. . . . The fact that a minority or socially disadvantaged business ultimately was not selected as the purchaser for these assets does not negate the open and inclusive process that was used to conduct the divestiture sale. . . . In the end, Verizon Wireless chose two entities with experience operating wireless businesses, which Verizon Wireless believed would enhance the acceptability of the buyers to the government, and with the financial resources necessary to ensure that the proposed transaction would be timely consummated, as required by the *Final Judgment* and *Modified Final Judgments* and the *Verizon Wireless/ALLTEL Order*.⁴

Verizon Wireless has already demonstrated that it responded to the Commission's encouragement to involve minority and socially disadvantaged businesses in the bidding process. It objects to the questions and requests in Section V as they are wholly outside of the Commission's jurisdiction, irrelevant to the proposed transaction, and raise grave constitutional questions.

² Verizon Wireless is committed to doing business with small and minority-owned telecommunications companies and, in fact, earlier this year announced a spectrum swap with NEATT Wireless, LLC, a minority-owned and operated facilities-based wireless provider. Press Release, Verizon Wireless, "Verizon Wireless and NEATT Wireless Sign Agreement to Swap Spectrum in Nine Arkansas Counties" (Aug. 14, 2009), *available at* <http://news.vzw.com/news/2009/08/pr2009-08-14k.html>.

³ *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC For Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444 (2008) ("*Verizon Wireless/ALLTEL Order*").

⁴ Joint Opposition of Atlantic Tele-Network, Inc. and Verizon Wireless to Petitions to Deny, WT Docket No. 09-119, 17-20 (August 20, 1009) ("Joint Opposition").

Verizon Wireless Was Under No Obligation to Sell the Divestiture Assets to a Particular Type of Entity.

As an initial matter, Verizon Wireless was not under any binding legal obligation to sell the divestiture assets to a certain type of entity or to involve specific types of entities in the bidding process. Indeed, the *Verizon Wireless/ALLTEL Order* specifically rejected calls for a condition that would require Verizon Wireless to pick a certain type of buyer for its divestiture properties.⁵ The FCC merely *encouraged* Verizon Wireless to consider certain categories of buyers, but this was a suggestion, *not* a requirement.⁶ The Commission has no authority to investigate or enforce a mere suggestion.

Section 310(d) Prohibits the Commission from Considering Other Buyers.

Further, as Verizon Wireless and ATN explained in their Joint Opposition,⁷ Section 310(d) of the Communications Act explicitly prohibits the Commission from considering whether a different buyer would better serve the public interest.⁸ The Commission also has repeatedly determined that it may not consider whether sale to a different buyer would be preferable when determining whether an application for transfer of licenses serves the public interest.⁹ Accordingly, the Commission's requests for information regarding other bidders, the extent to which they

⁵ *Id.* at 17518 (¶ 162) (“We decline to place any conditions on the sale of the Divestiture Assets based on (1) the size, ownership structure, or business plan of the acquirer, or (2) the size of the geographic areas that the Divestiture Areas can be sold to an acquirer.”).

⁶ *Id.* (emphasis added) (“[W]e *encourage* Verizon Wireless to consider and implement mechanisms to assist regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups in acquiring the Divestiture Assets and/or accessing spectrum, *to the extent possible*.”).

⁷ See Joint Opposition at 12.

⁸ 47 U.S.C. § 310(d) (“[I]n acting [on an assignment or transfer of control application,] the Commission may not consider whether the public interest, convenience and necessity might be served by the transfer, assignment, or disposal of the permit or license to a person other than the proposed transferee or assignee.”).

⁹ See, e.g., *Applications of Craig O. McCaw & Am. Tel. & Tel. Co. for Consent to the Transfer of Control of McCaw Cellular Commc'ns, Inc. & Its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd 5836, ¶¶ 149-150 (1994), *aff'd sub nom. SBC Commc'ns Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir. 1995) (rejecting NABOB's argument that the FCC cannot approve an assignment application without “a demonstration from the applicants that efforts were made to sell the McCaw-controlled television stations to minority-owned companies”); *Applications for Consent to the Assignment &/or Transfer of Control of Licenses Adelphia Commc'ns Corp. (& Subsidiaries, Debtors-In-Possession) to Time Warner Cable Inc. (Subsidiaries)*, Memorandum Opinion and Order, 21 FCC Rcd 8203, ¶ 285 (2006) (noting that “the Commission must examine whether the transactions before it will serve the public interest without regard to other possible transactions”); *MCI Commc'ns Corp. & S. Pac. Telecomms. Co. for Consent to Transfer Control of Qwest Commc'ns, Inc.*, Memorandum Opinion and Order, 12 FCC Rcd 7790, ¶ 29 (1997) (citing Section 310(d) and noting that “in the instant transfer proceeding, the Commission was precluded by statute from considering competing, third-party applications”).

participated in the bidding process, the bids they offered, and why the proposed buyer was selected over other bidders are barred by Section 310(d).

The Equal Protection Component of the Due Process Clause of the Fifth Amendment Prevents the Commission from Imposing or Enforcing a Race- or Gender-Based Divestiture Requirement.

Finally, the Commission did not indicate that it would consider whether the chosen buyer was a minority or women-owned or small buyer in its review of these applications.¹⁰ To the contrary, the Commission indicated that “the qualifications of the entity(ies) acquiring the Divestiture Assets and whether the specific transaction is in the public interest will be evaluated when an application is filed seeking the Commission’s consent to the transfer or assignment of the Divestiture Assets.”¹¹ This statement simply reiterates the Commission’s obligations in reviewing a proposed transaction. It does not expand the Commission’s review to include alternative buyers. Indeed, the Equal Protection component of the Due Process Clause of the Fifth Amendment prevented the Commission from imposing a race- or gender-based divestiture requirement in the merger order and similarly prevents the Commission from purporting to enforce any such requirement in the present license transfer proceeding.¹² The Constitution even precludes the Commission from placing “official pressure” on regulated entities to take race-based action as part of the license transfer review process by threatening an “investigation” for failure to meet an impermissible standard, as the information request plainly does.¹³

For all these reasons, the only legally permissible and relevant inquiry to the proposed transaction is whether the proposed buyer is qualified to hold the relevant licenses and whether the proposed transaction will serve the public interest, not whether Verizon Wireless should have chosen a different buyer or a buyer of a particular race or gender or whether Verizon Wireless appropriately considered alternative buyers.

¹⁰ See Reply of Telephone USA Investments, Inc., Docket No. 09-119, at 3-4 (filed Aug. 27, 2009) (claiming that the Commission indicated in the *Verizon Wireless/ALLTEL Order* that it would consider whether the proposed buyer of this spectrum would promote diverse ownership of spectrum when the applications were filed).

¹¹ *Verizon Wireless/ALLTEL Order* at ¶ 162.

¹² See *Lutheran Church-Missouri Synod v. FCC*, 154 F.3d 487 (D.C. Cir. 1998 (striking down, under Fifth Amendment, FCC guidelines regarding affirmative action efforts required for license renewal); see generally *Adarand Constructors, Inc. v. Peña*, 515 U.S. 200 (1995) (applying strict scrutiny to federal affirmative action programs); *Berkley v. United States*, 287 F.3d 1076, 1081-82 (Fed. Cir. 2002), citing *Adarand*, 515 U.S. at 224 (noting that “any person, of whatever race, has the right to demand that any governmental actor subject to the Constitution justify any racial classification subjecting that person to unequal treatment under the strictest judicial scrutiny.”).

¹³ See *MD/DC/DE Broadcaster’s Ass’n v. FCC*, 236 F.3d 13 (2001) (striking down, under Fifth Amendment, FCC rule requiring broadcast licensees to show certain number of employment applications received from minorities and women based on outreach efforts or face further investigation); *id.* at 19 (explaining that “[a] regulatory agency may be able to put pressure upon a regulated firm in a number of ways, some more subtle than others.”).

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Without waiving these objections, Verizon Wireless provides the following responses to the FCC's questions.

RESPONSE TO QUESTION VI.

QUESTION V.A.

- A. *On page 14 of their Joint Opposition, the Applicants state that the Commission encouraged Verizon Wireless to “consider and implement mechanisms to assist regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups in acquiring the Divestiture Assets and/or accessing spectrum, to the extent possible.” (Emphasis removed.) On page 15, the Applicants assert that an example of the efforts Verizon Wireless made to have an inclusive sales process involved Verizon Wireless reaching out to the Minority Media Telecommunications Council (“MMTC”), which identified two potential bidders. On pages 15-16, the Applicants state that Morgan Stanley sent a Preliminary Overview of the Divestiture Assets and a non-disclosure agreement to a large variety of prospective buyers, including minority and socially disadvantaged firms. The Applicants also explain the additional steps Verizon Wireless took to encourage participation by minority and socially disadvantaged bidders at the various stages of the bidding process on pages 17-18 of their Joint Opposition.*
1. *Please provide a copy of the bid procedures, a draft acquisition agreement, draft transition services agreement, draft roaming agreement and auditable financials provided to prospective bidders by Morgan Stanley.*

RESPONSE TO QUESTION V.A.1.:

Documents responsive to this request are attached at Exhibit V.A.1. With the exception of the financial statements for the Verizon Wireless Divestiture Markets, which were audited by Deloitte, the financial statements provided to all bidders were marked "Draft" since they were considered to be in auditable condition, but were unaudited as of the date they were provided to the bidders.

2. *Other than Verizon Wireless reaching out to MMTC to identify potential bidders that are minority-owned, did Verizon Wireless or Morgan Stanley take any other steps to identify potential bidders that are minority-owned? If yes, explain whether it was Verizon Wireless or Morgan Stanley that made the contact, the party contacted, and the results.*

RESPONSE TO QUESTION V.A.2.:

Based upon their collective prior experience in the wireless M&A space, Verizon Wireless and Morgan Stanley began to identify potential minority-owned bidders prior to the launch of the sales process in September 2008. As a result of Verizon Wireless' outreach to MMTC, David

Honig, Executive Director of MMTC, identified [REDACTED] as minority-owned entities that may be interested in the properties. At the time Mr. Honig identified these groups, both were already participants in the process, having signed a confidentiality agreement and received detailed financial and operating data on the divestiture assets. The following minority-owned entities participated in the sale process – [REDACTED]. Each of them initiated contact with Verizon Wireless or Morgan Stanley.

3. *From what source(s) did Morgan Stanley prepare the list of prospective buyers to send the Preliminary Overview of the Divestiture Assets and a non-disclosure agreement?*

RESPONSE TO QUESTION V.A.3.:

In general, Verizon Wireless and Morgan Stanley prepared a list of prospective buyers based on Morgan Stanley's experience in the wireless communications industry and the telecommunications industry more broadly, as well as based on guidance from Verizon Wireless. In addition, as noted in response to Question V.A.5. below, Verizon Wireless specifically requested that Morgan Stanley include alternatives to expected strategic buyers to broaden the base of potential buyers. In order to ensure broad participation in the sales process, Verizon Wireless and Morgan Stanley spent significant time identifying such potential bidders and reaching out to various persons and groups to identify additional potential bidders, such as described in response to Question V.A.5.

4. *Did potential purchasers contact Morgan Stanley or Verizon Wireless directly with inquiries to participate in the auction? If so, please provide a list of all such contacts from each of Morgan Stanley and Verizon Wireless.*

RESPONSE TO QUESTION V.A.4.:

Yes. Based on available records, Exhibit V.A.4. lists the potential bidders that contacted Verizon Wireless or Morgan Stanley directly.

5. *Did Morgan Stanley attempt to identify potential bidders that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups? If yes, explain Morgan Stanley's efforts.*

RESPONSE TO QUESTION V.A.5.:

Yes. Verizon Wireless specifically requested that Morgan Stanley include alternatives to expected strategic buyers to broaden the base of potential buyers, and at no time directed Morgan

Stanley to limit the field of possible buyers. In order to ensure broad participation in the sales process, Verizon Wireless and Morgan Stanley spent significant time identifying such potential bidders. For example, Verizon Wireless and Morgan Stanley attempted to identify regional wireless carriers and local exchange carriers (ILECs and RLECs) with overlapping or adjacent territories to the divestiture properties, as well as wireless entrepreneurs and minority-owned bidding groups that had experience in similar markets or operated in markets nearby (whether they were in the wireless communications business or not). Verizon Wireless and Morgan Stanley also attempted to engage with consortia representing rural providers (such as the National Rural Telecommunications Cooperative, as well as groups of local exchange carriers in the northwest United States, where many of the properties to be divested are located) to encourage their participation either individually or together with other such providers. Verizon Wireless and Morgan Stanley also agreed to meet with one such bidding group (a consortium of rural local exchange carriers in the Dakotas and Montana) prior to the formal launch of the sale process at the bidding group's request. As noted previously, Verizon Wireless also reached out to MMTC for their suggestions about potential minority-owned bidders.

6. *Identify the parties that received the Preliminary Overview of the Divestiture Assets and nondisclosure agreement that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups, by type.*

RESPONSE TO QUESTION V.A.6.:

Exhibit V.A.6 lists the potential bidders that received the Preliminary Overview of the Divestiture Assets and nondisclosure agreement that are regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups.

QUESTION V.B.

- B. *In paragraph 5 of Mr. Bartlett's Declaration attached to the Applicants' Joint Opposition, Mr. Bartlett describes the participation of four "minority-owned bidder groups and a regional consortium which included a financial sponsor that typically has sought to partner with minority-owned entities and management teams."*
 1. *Identify the four minority-owned bidder groups and regional consortium that Mr. Bartlett refers to in paragraph five. If there were any other minority-owned bidders that participated, identify them.*

RESPONSE TO QUESTION V.B.1.:

The four minority-owned bidding groups were [REDACTED]

[REDACTED]
[REDACTED] the regional consortium, was made up of the following members:

[REDACTED]
[REDACTED] One of the financial sponsors with whom [REDACTED] worked was [REDACTED].¹⁴ To the best of Verizon Wireless' knowledge, no other minority-owned entities participated in the process.

2. *Identify all other bidders that participated in the bidding process that are regional, local, or rural wireless providers, a new entrant, small business, or otherwise owned by a socially disadvantaged group.*

RESPONSE TO QUESTION V.B.2.:

See Exhibit V.A.6.

3. *For each bidder listed in items one and two, provide a detailed explanation of each bidder's participation in the bidding process. For example, explain whether they signed the non-disclosure agreement; whether they were granted access to the online data room to conduct due diligence and conducted due diligence; whether they submitted preliminary indications of interest; whether Morgan Stanley and/or Verizon Wireless met with bidders and if so, describe the discussions and submit any presentations made to the bidders; and whether they submitted an initial bid and a final bid.*

RESPONSE TO QUESTION V.B.3.:

See Exhibit V.A.6.

4. *Provide copies of any and all correspondence with the bidders identified in item one, including, but not limited to, the final bid correspondence described in paragraph 12 of Mr. Bartlett's declaration. Include any and all documentation relating to Morgan Stanley "proactively reaching out" and providing "geographical guidance" to the referenced minority-owned bidder that dropped out of the bidding process in paragraph 10 of Mr. Bartlett's declaration.*

RESPONSE TO QUESTION V.B.4.:

¹⁴ [REDACTED] executed its own non-disclosure agreement and ended up partnering with [REDACTED].

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Documents responsive to this request are attached at Exhibit V.B.4. Many of the communications between Verizon Wireless and Morgan Stanley and the bidders identified in item one occurred orally. In addition, the remarks referenced in paragraph 10 of Mr. Bartlett's declaration refer to the [REDACTED] and those communications generally occurred orally.

Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited to the files of individuals at Morgan Stanley, Verizon Wireless and Verizon reasonably likely to have had correspondence with the bidders identified in item one regarding the bidding process (specifically Christopher Bartlett and Todd Wagner at Morgan Stanley; Steven Zipperstein, Molly Feldman, John Schreiber, Stephen Linskey and Steven Jackman at Verizon Wireless; and Ivan Seidenberg, John Diercksen and John Fitzgerald at Verizon Communications). The search was further limited to correspondence sent by or to the principal representatives of these bidders [REDACTED]

[REDACTED] during the period July 1, 2008 to June 15, 2009. Responsive correspondence was limited to correspondence discussing the bidding process, bidding procedures and/or the structure and nature of the bids. Finally, pursuant to an agreement with the Bureau staff with respect to the response to this question only, attachments to the emails are not being produced as they generally are being produced in response to other questions or are not relevant to the divestiture process inquiry.

5. *If any of the bidders listed in item one determined not to participate at any point in the bidding process, identify them. If they discussed their reasons with Verizon Wireless or Morgan Stanley for ceasing to participate, identify their reasons for not participating by bidder and submit any written correspondence with that bidder that supports that understanding.*

RESPONSE TO QUESTION V.B.5.:

See Exhibit V.B.5. Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited as noted in response to Question V.B.4.

QUESTION V.C.

- C. *In paragraph 14 of Mr. Bartlett's Declaration, Mr. Bartlett states that "a number of smaller, non-operator bidders, including minority-owned entities, requested multi-year transition service agreements or long-term commercial and operating relationships with Verizon Wireless."*
 1. *Identify the minority-owned bidders discussed in this paragraph.*

RESPONSE TO QUESTION V.C.1.:

The minority-owned bidders that requested multi-year transition service agreements that are referred to in paragraph 14 of Mr. Bartlett's Declaration are the [REDACTED]
[REDACTED]

2. *For each bidder listed in item one, identify those bidders that requested multi-year transition services agreements, the types of services to be covered, and the number of years requested for each service type.*

RESPONSE TO QUESTION V.C.2.:

[REDACTED]

[REDACTED]

[REDACTED]

3. *For each bidder listed in item one, identify those that requested long-term operating relationships, including the type of relationship and the number of years requested.*

RESPONSE TO QUESTION V.C.3.:

See response to Question V.C.2. In this case, transition services and operating services are similar, if not interchangeable, terms.

15

See [REDACTED]
[REDACTED]

(both attached at Exhibit V.C.4.).

16

See [REDACTED]

(attached at Exhibit V.C.4.).

17

See [REDACTED]

(attached at Exhibit V.C.4.).

4. *Provide any and all correspondence from these bidders that supports your responses to questions one through three.*

RESPONSE TO QUESTION V.C.4.:

Documents responsive to this request are attached at Exhibit V.C.4. Pursuant to an agreement with the Bureau staff, the search for responsive correspondence was limited as noted in response to Question V.B.4.

QUESTION V.D.

- D. *In paragraph 15 of Mr. Bartlett's Declaration, Mr. Bartlett states that "[a] number of the bids submitted by smaller, non-operator bidders, including minority-owned entities, lacked funding commitments or were based on financing that was not committed by a lending institution or otherwise was not guaranteed."*
 1. *Identify the regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups that submitted bids, whether or not they included funding commitments, what type of funding commitment (e.g., lending institution), and whether or not those funding commitments were satisfactory for their bids to be considered viable.*

RESPONSE TO QUESTION V.D.1.:

See Exhibit V.A.6.

Of these entities, only ATN (initially interested in divestiture assets in only two states, and subsequently those in the six states not included in the sale to AT&T) and [REDACTED]

[REDACTED] submitted proposals with committed financing. [REDACTED]

[REDACTED]. Both of these funding commitments were satisfactory for their bids to be considered viable.

In addition, [REDACTED] submitted initial indications of interest that were not subject to a financing contingency. Neither entity, however, submitted a final binding bid.

2. *Did Verizon Wireless or Morgan Stanley discuss with potential bidders that Verizon Wireless favored bids that offered to purchase all the Divested Assets? If yes, explain your answer, provide specific details, and provide copies of any documents reflecting this preference.*

RESPONSE TO QUESTION V.D.2.:

Morgan Stanley, as directed by Verizon Wireless, indicated to all bidders (in the final round procedures letter, dated January 13th and attached at Exhibit V.A.1.) that Verizon Wireless' objectives were (i) to realize the highest possible value, (ii) to maximize certainty of closing given the deadlines and process requirements imposed by the Department of Justice, and (iii) to consummate any such transactions expeditiously. Neither Morgan Stanley nor Verizon Wireless told bidders that Verizon Wireless favored bids that offered to purchase all of the Divested Assets. As expressly indicated in the First Round Procedures Letter (attached as Exhibit V.A.1.) Verizon Wireless was open to proposals for the divestiture properties in their entirety, on a multi-state basis, or for individual clusters so long as they satisfied the three objectives cited above.

3. *By cluster as set forth in the Final Judgment, identify the regional, local, and rural wireless providers, new entrants, small businesses, and businesses owned by minorities or socially disadvantaged groups that submitted bids, including consideration offered to purchase the Divested Assets.*

RESPONSE TO QUESTION V.D.3.:

See Exhibit V.D.3. for a list of the entities that submitted a second round bid, the cluster(s) they bid on and the consideration they offered. These bidders also submitted non-binding indications of interest in the first round of the process. Only ATN and [REDACTED] provided binding, fully-committed proposals to acquire any of the divestiture assets.

4. *Would any of these bids, either alone or in combination, have yielded a higher purchase price for Verizon Wireless for the Divested Assets? If so, explain in detail the deficiencies of each bid.*

RESPONSE TO QUESTION V.D.4.:

No combination of binding, fully-financed bids would have yielded a higher purchase price for the Divestiture Assets. [REDACTED]

¹⁸

See, e.g., [REDACTED]

[REDACTED] all attached at Exhibit

V.B.4.

5. *Identify the final bidders and describe their offers for the Divestiture Assets.*

RESPONSE TO QUESTION V.D.5.:

Besides AT&T, only two other bidders, ATN and [REDACTED], provided binding, fully-financed proposals to acquire any of the divestiture assets. ATN and [REDACTED] proposed to acquire the divestiture assets not included in the sale to AT&T for [REDACTED] and [REDACTED], respectively.

6. *Explain in detail why ATN's bid was chosen over other final bids.*

RESPONSE TO QUESTION V.D.6.:

ATN's proposal represented the highest binding fully-financed bid for the divestiture assets not included in the sale to AT&T.

7. *Was ATN treated in any way differently by either Verizon Wireless or Morgan Stanley, either before or during the duration of the bidding process, than other bidders? If yes, please explain.*

RESPONSE TO QUESTION V.D.7.:

No. Morgan Stanley, as directed by Verizon Wireless, made every effort to treat all bidders equally in the sale process. The only exceptions were made to assist minority-owned bidders or the regional consortium, specifically [REDACTED]

[REDACTED] Unlike these entities, ATN was not afforded any special treatment.

8. *Provide a copy of all the requirements for bidders to participate in the bidding process.*

RESPONSE TO QUESTION V.D.8.:

The only documents responsive to this request are the Preliminary Overview of Divestiture Markets and the Bid Procedure Letters attached at Exhibit V.A.1.

9. *Provide a copy of all documents submitted by ATN in the bidding process.*

RESPONSE TO QUESTION V.D.9.:

Documents responsive to this request are attached at Exhibit V.D.9. For purposes of responding to this question, Verizon Wireless is defining the bidding process as ending when it accepted ATN's bid for the Divestiture Assets and began to engage in final stage negotiations with that party on a definitive set of agreements. Accordingly, drafts of those final agreements are not being provided. The final purchase agreement itself is being provided in Exhibit V.D.10.

10. *Provide copies of all the agreements ATN and Verizon Wireless entered into regarding the proposed transaction to purchase the Divested Assets.*

RESPONSE TO QUESTION V.D.10.:

Documents responsive to this request are attached at Exhibit V.D.10. Pursuant to an agreement with the Bureau staff, exhibits and schedules to the purchase agreement are not being produced.

QUESTION V.E.

- E. *Several petitioners claim that Morgan Stanley had a conflict of interest due to its ownership interest in ATN which resulted in ATN winning the Divestiture Assets at below market price. On page 22 of the Applicants' Joint Opposition, the Applicants state that there were "a variety of ways, including internal informational barriers and confidentiality procedures," that separation was accomplished to shield personnel engaged in advising Verizon Wireless on this project from any knowledge that Morgan Stanley had an ownership holding in ATN. The Applicants further state that "Morgan Stanley has confirmed that, during the entire duration of the bidding process, no member of the MS Verizon Wireless Team had any knowledge that Morgan Stanley had an ownership holding in ATN," and Mr. Bartlett states in his Declaration in paragraph 18 that he talked with each member of the team and confirmed that they were unaware of Morgan Stanley's ownership interest in ATN.*

1. *Describe Morgan Stanley's confidentiality policies and procedures to avoid conflicts of interest in its various activities, including its advisor role to Verizon Wireless and its investor role in ATN.*

RESPONSE TO QUESTION V.E.1.:

Morgan Stanley has established various policies and procedures designed to avoid and/or minimize actual and apparent conflicts that may arise from the divergent activities in which Morgan Stanley is engaged. Such policies and procedures include protecting any confidential information received in the course of its business activities and maintaining separation of personnel through the use of internal information barriers. Morgan Stanley has established firm-

wide policies as well as specific policies applicable to different business units, departments and regions of the firm regarding the acceptance, proper use and handling of confidential information received from its clients. Among other requirements, Morgan Stanley personnel may only communicate any confidential information on a “need to know” basis to other personnel who (i) have a legitimate business justification in connection with their duties to know the confidential information and (ii) have no responsibilities or duties that are likely to give rise to a conflict of interest (or appearance thereof) or any misuse of such confidential information. In addition, Morgan Stanley personnel may not use any confidential information obtained in the course of any business activity for any other purposes or for any other clients.

Morgan Stanley also maintains internal information barriers to further prevent the misuse of confidential information and to avoid conflicts of interest. Such information barriers separate “private side” employees, who routinely receive confidential information in the course of their ordinary business activities (and which include the employees working with Verizon Wireless in Morgan Stanley’s advisory role in connection with the Alltel divestiture sale process), from “public side” employees, who routinely work in the public securities markets (and which include those employees whose ordinary business activities in Morgan Stanley’s sales and trading, investment management, brokerage and financial planning services may result in ownership positions by Morgan Stanley in the securities of public companies, including in this instance ATN). In addition to creating physical separation between private side and public side employees, Morgan Stanley’s information barriers prohibit any communication of confidential information between employees on either side. The information barriers therefore permit public side employees to continue to engage in security purchase and sale transactions at the same time that private side employees may possess confidential information about a related issuer or security.

2. *Describe the internal informational barriers Morgan Stanley has in place.*

RESPONSE TO QUESTION V.E.2.:

Please see the response to Question V.E.1. above.

3. *Identify the individuals on the MS Verizon Wireless Team and provide their titles.*

RESPONSE TO QUESTION V.E.3.:

Thomas Whayne, Managing Director, Investment Banking Division
Robert Friedsam, Managing Director, Investment Banking Division
Christopher Bartlett, Executive Director, Investment Banking Division
Todd Wagner, Vice President, Investment Banking Division
Taylor Storms, Analyst, Investment Banking Division

4. *When did Mr. Bartlett speak with each MS Verizon Wireless Team member to confirm that he or she was unaware of Morgan Stanley's ownership interest in ATN?*

RESPONSE TO QUESTION V.E.4.:

Mr. Bartlett spoke with each member of the MS Verizon Wireless team above in August of 2009.

VI. Questions Regarding Georgia Partners Lawsuit

The Georgia Partners have filed a lawsuit concerning their right of first refusal with respect to the partnership with ALLTEL. Georgia Partners Petition to Deny at 13.

QUESTION VI.1.

1. *Describe the status of the lawsuit with Georgia Partners.*

RESPONSE TO QUESTION VI.1.:

Alltel Communications, LLC (the named defendant in the suit and a wholly-owned subsidiary of Verizon Wireless), has filed a motion to dismiss two counts of the Georgia Partners' five-count Complaint. The counts that are the subject of the motion to dismiss relate to the Georgia Partners' claim that, under the right of first refusal ("ROFR") provision in the partnership agreement, they were entitled to be offered an opportunity to purchase the entire cluster of assets being divested in Georgia. If the motion is successful, the Georgia Partners' claim relating to the Georgia cluster of assets will be eliminated from the case.

Argument on the motion to dismiss was heard on October 27, 2009, and the court indicated from the bench that it intended to issue a decision promptly. A decision is thus expected imminently.

The parties have also engaged in substantial settlement discussions and a settlement remains a possibility.

QUESTION VI.2.

2. *When do the Applicants expect that the lawsuit will be resolved?*

RESPONSE TO QUESTION VI.2.:

As noted above, Verizon Wireless expects that the court will rule shortly on the pending motion to dismiss. If that motion is successful, Verizon Wireless expects that the issues remaining in the case will be substantially simplified and the parties may be able to reach a settlement. If a settlement is not reached, given inherent uncertainties in the progress of litigation, Verizon Wireless cannot provide a precise time frame for litigating the case to a conclusion.

REDACTED – FOR PUBLIC INSPECTION

[REDACTED]

Bates Nos. VZW.ATN.FCC.V.A.1.00000001 -
VZW.ATN.FCC.V.D.10.00002252